



Community Development Financial Institutions Fund

**2012 New Markets Tax Credit Program and
Application Overview Webcast
July 09, 2012**





NMTC Presentation Roadmap

- **Overview of CDFI Fund Programs & Initiatives**
- Overview of the NMTC Program
- Applying for CDE Certification
- Applying for NMTC Allocations
- Prior NMTC Award Information
- Contact Information



CDFI Fund Overview

- Created in 1994
- **Mission:** to increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States.
- **Vision:** to economically empower America's underserved and distressed communities.



CDFI Fund Overview

The CDFI Fund achieves its mission by directly investing in and supporting Community Development Financial Institutions (CDFIs), Community Development Entities (CDEs), and other financial institutions through the following programs and initiatives:

- **New Markets Tax Credit (NMTC) Program**
- **Bank Enterprise Award (BEA) Program**
- **CDFI Program (FA & TA)**
- **Native Initiatives (NACA)**
- **CDFI Bond Guarantee Program**



NMTC Program – History

Enacted on 12/21/2000; Part of the Community Renewal Tax Relief Act of 2000

2002	\$2.5 billion	<input type="checkbox"/> → Includes 2001 Round
2003/4	\$3.5 billion	<input type="checkbox"/> → Includes 2003 & 2004 Round
2005	\$2 billion	
2006	\$4.1 billion	(includes \$600 million GO Zone)
2007	\$3.9 billion	(includes \$400 million GO Zone)
2008	\$5.0 billion	(includes \$1.5 billion Recovery Act)
2009	\$5.0 billion	(includes \$1.5 billion Recovery Act)
2010	\$3.5 billion	
2011	\$3.5 billion*	
<u>TOTAL</u>	<u>\$33.0 billion</u>	
2012	\$5.0 billion	(Admin. Budget Proposal)

* Includes \$3.5 billion in CY 2011 allocation authority and \$122,919,753 of unused or rescinded allocation authority from prior rounds.



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NMTC Program Overview

- The NMTC Program encourages private investment in “Low-Income Communities” (LICs).
- It provides a credit against Federal income taxes to investors that make Qualified Equity Investments (QEIs) into Community Development Entities (CDEs).
 - NMTCs are awarded to the CDEs, not to individuals or businesses.
- CDEs are a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments or financial counseling in “Low-Income Communities” (LICs).
- CDEs use the proceeds of QEIs to make Qualified Low-Income Community Investments (QLICIs).
- QLICIs include, among other things, investments in businesses and real estate projects in low-income communities.



Tax Credit Amount

- The tax credit is taken over a 7-year period
- The credit rate is:
 - 5% of the original investment amount in each of the first three years; and
 - 6% of the original investment amount in each of the final four years
- Total credit equals 39% of original investment amount

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
5%	5%	5%	6%	6%	6%	6%	39%



Tax Credit Amount - Example

The Fund awards an allocation of \$1 million to a CDE. The CDE offers the tax credit to a single investor in exchange for a \$1 million equity investment. How much can the investor claim as a credit on its Federal taxes?

- Years 1-3 Tax Credit at 5% Value \$50,000 per year
- Years 4-7 Tax Credit at 6% Value \$60,000 per year
- **TOTAL VALUE OVER 7 YEARS.....\$390,000**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
\$50,000	\$50,000	\$50,000	\$60,000	\$60,000	\$60,000	\$60,000	\$390,000



What is a “Low Income Community?”

- “Low-Income Communities” (LICs) are census tracts:
- With at least 20% poverty rate; *or*
- Where the median family income does not exceed 80% of the area median family income; *or*
- Where the median family income does not exceed 85% of the area median family income, provided the census tract is located in a high migration rural county.



Low Income Communities – Targeted Populations

Projects not located within LICs, but that otherwise serve *Targeted Populations*, may also qualify for NMTC investments.

Targeted Populations include:

1. Low-Income Persons, to the extent the project is located in a census tract with a median family income at or below 120% of the applicable area median family income; or
2. For Gulf Opportunity (GO) Zone allocations, individuals that have been displaced from their homes and/or have lost their principal source of employment in the wake of Hurricane Katrina.

Refer to IRS and CDFI Fund guidance for additional details.



Qualified Equity Investment (QEI)

- An equity investment in a CDE by an investor – either stock in a corporation or a capital interest in a partnership - is exchanged for NMTCs. The equity investment must be acquired by the investor at its original issue, solely in exchange for cash.
- The equity investment must meet the “substantially-all” requirement.
- The equity investment must be designated by the CDE; and
- QEIs must remain invested in the CDE during a **7-year** credit period - investors claim credits as of the date a QEI is initially made.



Timing of Investments

- CDEs must offer NMTCs to investors within **5 years** of receiving an allocation.
- **“Substantially all”** of the QEI proceeds must be invested in QLICs within 12 months.
 - Years 1-6: Substantially All = 85% of amount paid by investor at original issue. Generally, returns of equity, capital or principal must be reinvested within 12 months.
 - Year 7: Substantially All = 75%. Reinvestment is not required in the final year of the 7-year credit period.
- * *At all times, 5% of the original QEI issue amount may be used for certain reserves by the CDE and count towards meeting the substantially-all requirement.*



Recapture

NMTCs may be recaptured from investors during the 7-year credit period if:

- The QEI fails the “**Substantially all**” requirement
 - ◆ failure to invest 85% as allowed; or
 - ◆ failure to meet “Qualified Active Low-Income Business” (QALICB) requirements; or
 - ◆ failure to meet one-year investment requirement.
 - The CDE ceases to qualify as a CDE.
 - The CDE redeems the investment.
- * It is not an event of recapture if a CDE files for bankruptcy. An investor may continue to claim NMTCs.*



Qualified Low-Income Community Investment (QLICIs) include:

- Any capital or equity investment in, or loan to, any “Qualified Active Low-Income Community Business” (QALICB) .
- Purchase of a loan from another CDE if the loan is a QLICI.
- Any equity investment in, or loan to, any CDE.
- “Financial Counseling and Other Services” (FCOS) to businesses located in, or residents of, LICs.



Qualified Active Low-Income Community Business (QALICB) examples:

- An operating business located in a LIC.
- A business that develops or rehabilitates commercial, industrial, retail and mixed-use real estate projects in a LIC.
- A business that develops or rehabilitates community facilities, such as charter schools or health care centers, in a LIC.
- A business that develops or rehabilitates for-sale housing units located in LICs.



Qualified Active Low-Income Community Business (QALICB) Requirements

- At least 50% of the total **gross income** is from the active conduct of a qualified business in Low-Income Communities (LICs); and
- At least 40% of the **use of tangible property** of the business is within LICs; and
- At least 40% of the **services performed** by the business' employees are performed in LICs.



Qualified Active Low-Income Community Business (QALICB) Requirements (con't)

- Less than 5% of the average of the aggregate unadjusted basis of the property is attributable to **collectibles** (e.g., art and antiques), other than those held for sale in the ordinary course of business (e.g., inventory); and
- Less than 5% of the average of the aggregate unadjusted bases of the property is attributable to **non-qualified financial property** (e.g., debt instruments with a term in excess of 18 months).



Purchasing Loans from Other CDEs

CDEs may purchase loans, but **not** investments, from other CDEs if:

- The purchased loans were originated by an entity that was a CDE at the time the loan was sold; and
- The loans qualified as QLICIs at **either** the time the loan was:
 - Originated; or
 - Purchased by the allocated CDE.



Financial Counseling and Other Services (FCOS)

FCOS is “advice provided by the CDE relating to the organization or operation of a trade or business.”

- **Possible FCOS activities:**

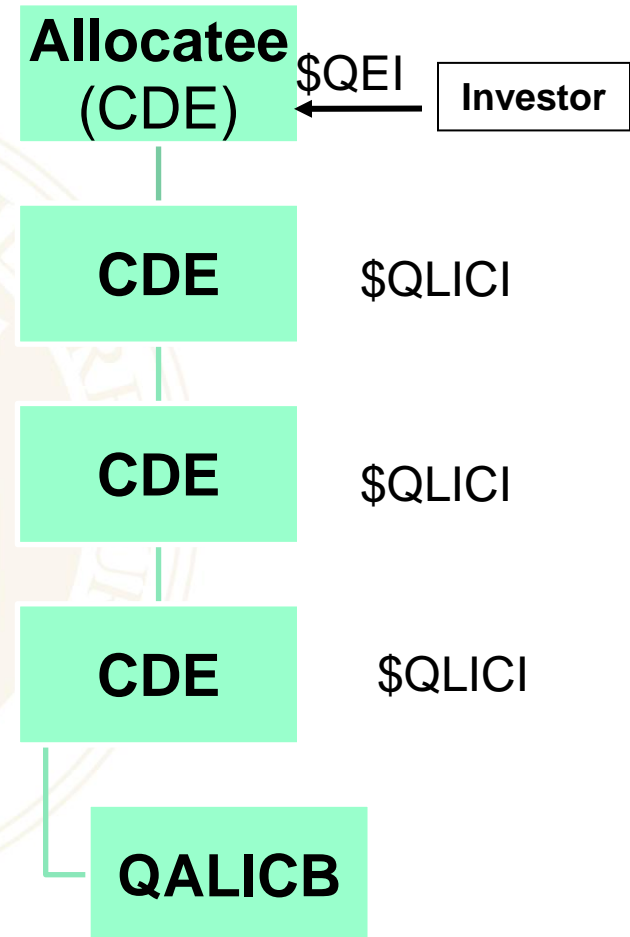
- Business plan development
- Assistance with business financials
- Operating assistance to not-for-profit organizations



Investing in Other CDEs

- Investments may be made through multiple layers of CDEs (i.e., up to 4 CDEs)
- The last CDE recipient needs to demonstrate that it used those dollars to:
 - Make loans to or investments in QALICBs; and/or
 - Provide FCOS to businesses or residents of LICs.

All time limits must be met as if the CDE with the allocation directly made the QLICI.

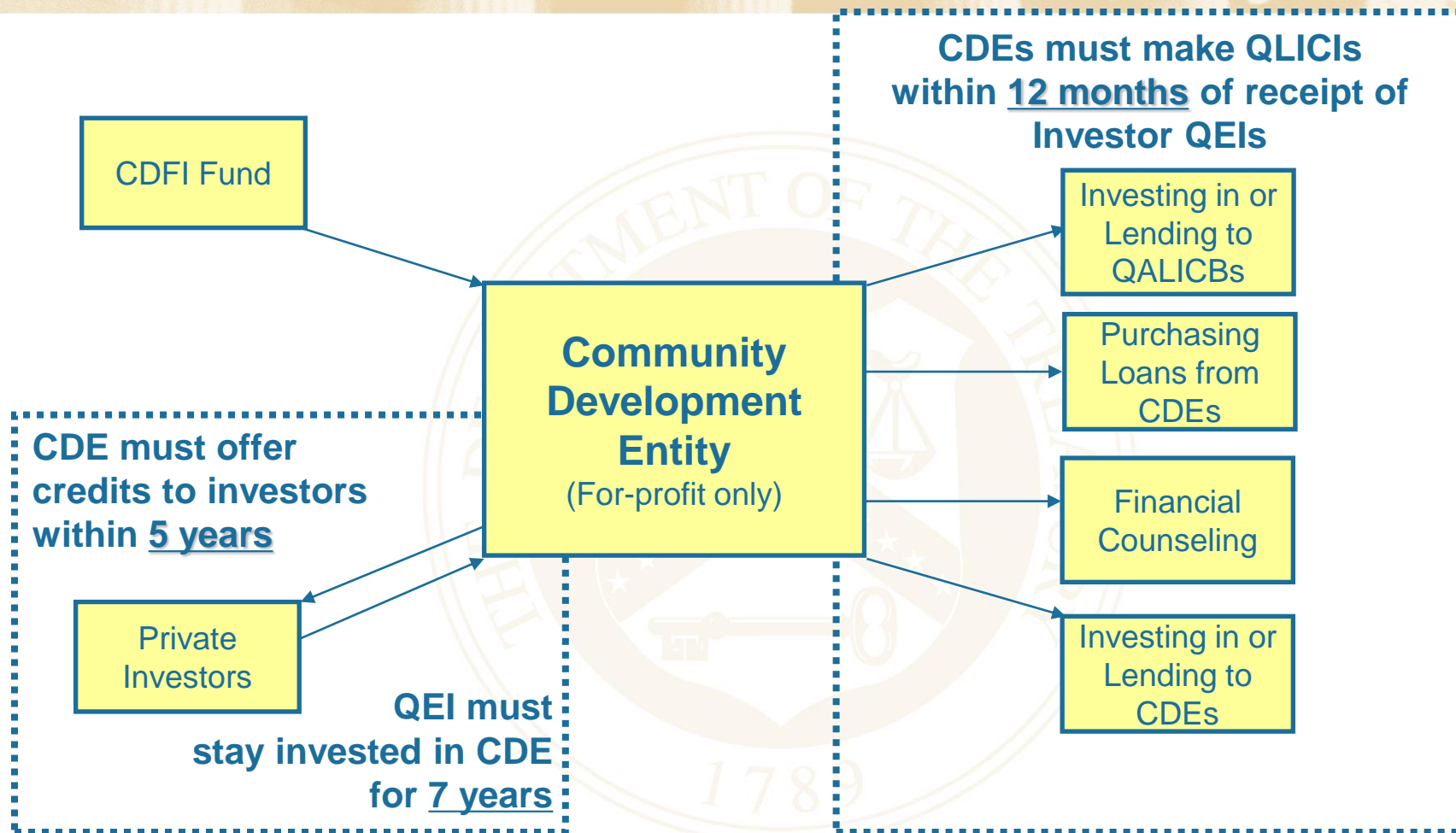


Ineligible Activities

- Residential rental property:
 - Buildings or structures which derive 80% or more of their gross rental income from renting dwelling units
- Certain types of businesses:

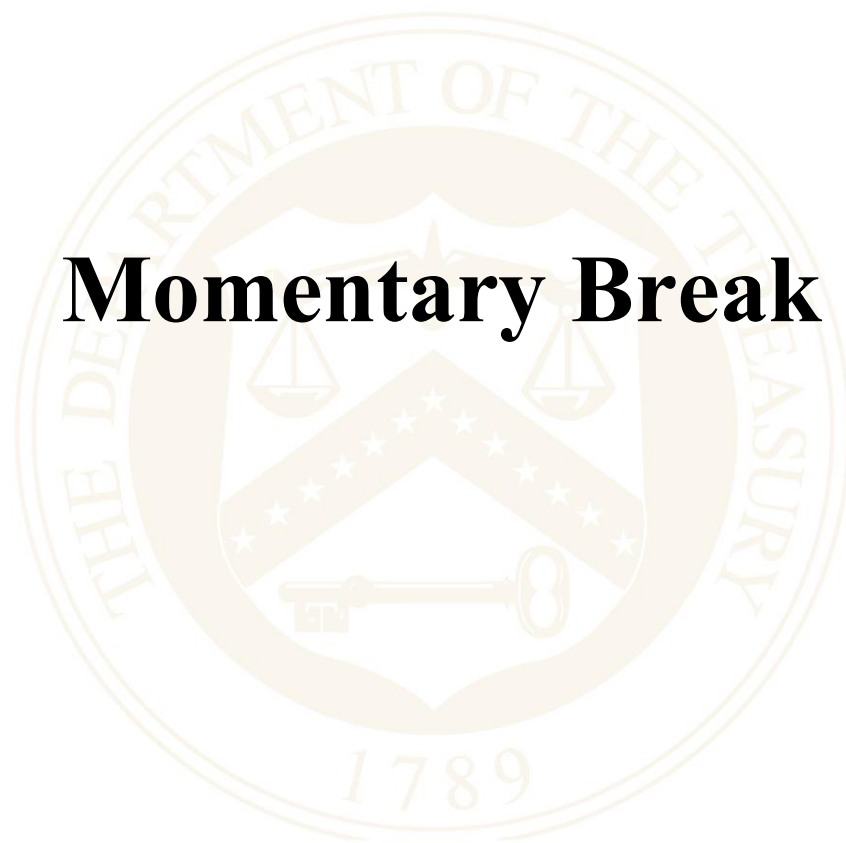
– Golf courses	– Massage Parlors
– Race tracks	– Hot tub facilities
– Gambling facilities	– Suntan facilities
– Certain farming businesses	– Stores where the principal business is the sale of alcoholic beverages for consumption off premises
– Country clubs	
- Refer to IRS regulations for additional details

Summary Graphic





Momentary Break





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- Overview of CDFI Fund Programs & Initiatives
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- **Process Overview & Applying for CDE Certification**
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Process Overview

- **Step 1:** Entities apply to the CDFI Fund for CDE certification.
- **Step 2:** Entities apply competitively to the CDFI Fund for a NMTC Allocation.
- **Step 3:** The CDFI Fund selects CDEs to receive NMTC Allocations.
- **Step 4:** CDEs enter into an Allocation Agreement with the CDFI Fund.
- **Step 5:** CDEs offer NMTCs to investors for cash.
- **Step 6:** CDEs use proceeds to make “Qualifying Low-Income Community Investments” (QLICIs).



Why Apply to Become a Certified CDE?

- For-profit CDEs may raise capital by offering tax credits to investors.
- All CDEs (including not-for-profits) are eligible to receive loans and investments from or sell loans to CDEs that have been issued tax credit allocations by the CDFI Fund.



Timeframe to Apply for CDE Designation

- Generally, CDE applications are accepted on a rolling basis.
- Note that there are strictly-enforced deadlines for organizations not yet certified as a CDE that intend to apply for an allocation in the 2012 round.
- Refer to the Notice of Allocation Availability or 2012 Allocation Application instructions for further information.



Certified CDFIs and SSBICs

- Automatically qualify for CDE certification
- May register as CDEs electronically through the online registration link located in their myCDFIFund Account
- Affiliates and subsidiaries of CDFIs and SSBICs
 - Do not automatically qualify as CDEs
 - Must complete a CDE Certification Application
- Strictly-enforced registration deadlines exist. Refer to the Notice of Allocation Availability or 2012 Allocation Application instructions for further information.



CDE Certification Criteria

- Legal Entity: Be incorporated or formed as a domestic corporation or partnership for federal tax purposes;
 - The entity must have a valid and distinct EIN (Employer Identification Number)
- Primary Mission: Serving LICs or Low-Income People
- Accountability: A CDE is accountable to LICs in its service area



Identifying LICs for CDE Certification – American Community Survey Data

- The CDFI Fund has released updated Low-Income Community eligibility data for the New Markets Tax Credit Program, based on the Census Bureau's 2006-2010 American Community Survey (ACS).
- Beginning May 1, 2012, organizations applying for CDE certification must use the 2006-2010 ACS eligibility data to identify eligible Low Income Communities (LICs) and LIC Representatives in the 50 states, D.C. and Puerto Rico.
- For purposes of applying for a new CDE certification, the CIIS mapping system should **not** be used as it contains data only from the 2000 census.
- Note that a transition policy exists for certifying subsidiaries in connection with awards from prior rounds.



Primary Mission Criteria

Step 1:

Provide organizational documents evidencing an appropriate primary mission of serving Low-Income Communities. Such organizational documents may include:

- ✓ Bylaws
- ✓ Articles of incorporation or organization
- ✓ Partnership agreements
- ✓ Board resolutions



Primary Mission Criteria (cont'd)

Step 2:

Submit “Certification of Authorized Representative” demonstrating that at least 60% of products and services are and will continue to be directed to:

- ✓ Low-Income Persons (LIPs)
- ✓ Low-Income Communities (LICs) or
- ✓ Organizations serving LIPs or LICs.



Accountability Criteria

Step 1:

Identify a service area.

- ✓ Local (e.g., city; county; metropolitan area; Indian Reservation)
- ✓ Statewide or territory-wide
- ✓ Multi-state
- ✓ National



Accountability Criteria

Step 2:

Complete the “Accountability Tables” to:

- demonstrate that 20% of the members of **either** the governing board **or** advisory board(s) represent LICs in the service area

Applicants using multiple advisory boards must complete information for each advisory board.



Accountability Criteria (cont'd)

Step 2 (cont'd):

Applicant CDEs fulfilling accountability through an advisory board will need to provide a narrative indicating:

- ✓ How advisory board members are selected;
- ✓ How often the advisory board convenes;
- ✓ How it solicits feedback from the community; and
- ✓ How it impacts the actions of the governing body.



Who is Representative of LICs?

A board member must either:

- Reside in a LIC in the service area; or
- Represent the interests of residents of LICs in the service area

Examples of representation include:

- A small business owner whose business is located in a LIC in the service area
- An employee or board officer of a community-based or charitable organization primarily serving LICs in the service area
- An employee of a governmental agency that principally provides services benefiting LICs



Who is not Representative of LICs?

Board members who are principals or staff members of the Applicant CDE, its affiliated entities or its investors cannot be deemed representative of LICs.

Board members that are also on the board of an affiliate may be representative of LICs, if:

- The board members are not principals or staff members of the Applicant CDE, its affiliated entities or its investors; and
- The board members can be deemed representative of LICs through means other than their association with the affiliated entity.



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2012 Round Deadlines

- Important Dates and Deadlines are listed in the Notice of Allocation Availability and Application





Who Can Apply for NMTC Allocations?

- Both for-profit and not-for-profit entities may apply.
- Be Aware: a not-for-profit entity must form and have certified at least one for-profit subsidiary prior to closing an Allocation Agreement. Deadlines for this requirement can be found in the NOAA.
 - Transfer of entire allocation to for-profit subsidiaries is required.



Preparing for the Online Application

- Ensure you have sufficient internet access
- Register as a user through myCDFI Fund
- Familiarize yourself with the NOAA, paper application, and Application Q & A
- Start constructing your responses in MS Word or other word processing software
- **Give yourself enough time to prepare a high-quality application.**

Application deadline: See NOAA and application for deadlines



Tips for Submitting the Online Application

- **Do not wait until the last minute to electronically submit your application.**
- Before starting the Online Application:
 - Read the 2012 Online Application Instructions
 - Review Questions 12-14 of the NMTC Application Q&A document
- Give each attachment a unique file name
- Note: a Subsidiary CDE cannot submit an Allocation Application



General 2012 Application Changes

- Maximum allocation request has been reduced to \$100 million.
- 2012 Applicants must use the 2006-2010 American Community Survey Low-Income Community eligibility data (released May 1) to identify potential projects for the 2012 Application.
- Subsidiary Entities are not able to submit an Allocation Application
 - The electronic application has been modified to prevent this from occurring
 - Language has also been added to the Applicant Instructions section of the paper version to remind Applicants of this rule



Review Criteria

- Maximum of 110 points
- Four sections of 25 points each:
 - Business Strategy
 - Community Outcomes
 - Capitalization Strategy
 - Management Capacity
- Information Regarding Previous Awards section is not scored as part of Phase 1 review

Applicants may earn an additional 10 “priority” points



Priority Points

“Priority” points are given under Business Strategy section to:

- 1) Applicants with a **track record** of having successfully provided capital or technical assistance to disadvantaged businesses or communities-may earn up to 5 priority points



Priority Points - Related Entities

2) Applicants that commit to use “substantially all” of their QEI proceeds to make investments in one or more businesses in which persons unrelated to the Applicant hold the majority equity interest may earn 5 priority points.*

**Whether a QALICB is related to a CDE is determined under IRC Sections 267(b) and 707(b)(1).*

**Additional information provided in the 2012 Application Q&A*



Business Strategy

To score highly in this section, an Applicant must demonstrate:

- ✓ that its products and services are significantly more flexible or non-traditional than industry standards
- ✓ a track record of five years or more of directly providing products and services highly similar to those it intends to deploy with QEI proceeds
- ✓ a high likelihood the Applicant will achieve its projected QLICIs as supported by narrative description of capital deployment plans (pipeline) and direct financing track record of financing similar businesses (projects)
- ✓ that NMTCs will add significant value to the Applicant's investment activities by increasing investment volume, risk-taking, and/or **represent an innovative use of NMTCs**
- ✓ If notable relationships exist, such relationships add significant value to unaffiliated end-users



Business Strategy: Tips

- When describing financing products, provide a distinct narrative for each product. Be specific with respect to rates and terms and relevant market comparables. Be sure to indicate the circumstances under which products or specific rates would be available
- Applicants without a track record can reference the track record of an identified Controlling Entity.
- Projected activities and products are best discussed with appropriate details, including examples.
- Projected deployment should be consistent with the Applicant's track record and proposed pipeline of transactions.



Business Strategy: 2012 Notable Changes

- Question 16 TIP: The minimum percentage of loan proceeds required to be reinvested in QLICI's was increased from 75% to 85% for Applicants that intend to purchase qualifying loans from other CDE's.
- Question 18 was changed to accommodate the addition of Table A5. Table A5 captures an Applicants track record of financing activities that would not qualify as QLICI activities in tabular form and replaces Question 18(b) which asked for this information in a narrative format.
- Questions 20 has been revised to include an option for Applicants to indicate if they will use an NMTC Allocation in an "innovative" manner, such as: directing investments into states with fewer investments, providing QLICI's under \$2 million, etc.



Locating Projects in Qualified Census Tracts for the 2012 Application

- CDEs applying in the 2012 allocation round are required to use the 2006-2010 ACS data applied to the 2010 census tracts to identify the geographic eligibility of qualified businesses in the 50 states, the District of Columbia, and Puerto Rico.
- Information on the transition to the ACS data as well as the new data and guidance can be found on the CDFI Fund's website (in particular, see the FAQ.)
http://www.cdfifund.gov/what_we_do/acs/update-census-data.asp
- CDEs that receive Allocation Authority under the CY 2012 allocation round will be required to use the 2006-2010 ACS Low-Income Community eligibility data to qualify QLICs in the 50 states, D.C. and Puerto Rico.



Community Outcomes

To score highly in this section, an Applicant must demonstrate:

- ✓ a commitment to investing in areas of higher distress and a specific and thorough strategy for locating investment opportunities in these areas.
- ✓ significant and meaningful community development outcomes in LICs, as supported by both the Applicant's track record and well-supported forecast of quantitative and qualitative outcome data
- ✓ the ability to track projected outcomes
- ✓ the ability to meaningfully engage community stakeholders around planned NMTC investments
- ✓ a track record and demonstrated ability to finance activities that will catalyze other non-NMTC investments in its low-income communities



Community Outcomes: Tips

- Provide at least 75% of QLICIs to severely economically distressed areas
- Articulate how the Applicant has actively engaged, collaborated, and/or fostered partnerships with LIC stakeholders
- Have a clear description of the Applicant's track record of documenting community outcomes and strategy for such data collection going forward
- Demonstrate the Applicant has a track record and is likely to spur additional private capital investment in LICs
- If financing housing, commit to providing at least 20% affordable housing units (in the aggregate).



Community Outcomes: 2012 Notable Changes

- Federally designated Empowerment Zones were removed from Question 24, as those designations expired at the end of 2011.
- ‘Goods and Services to Low-Income Communities’ in Question 25 was split into two categories: (1) Commercial Goods or Services to Low-Income Communities; and (2) Community Goods or Services to Low-Income Communities.
- Question 28(b) was added, asking Applicants to describe the extent that their proposed QLICs will be part of a broader neighborhood revitalization strategy.



Healthy Food Financing Initiative (HFFI)

- As part of a Federal interagency initiative, the CDFI Fund seeks to track the extent to which Applicants intend to use NMTCs in support of healthy food financing in food deserts. Commitment to healthy foods financing **will not** affect scoring of the Application, but Allocatees that engage in these activities may be publicly recognized as participating in the HFFI.
- Applicants can find out more information about Food Deserts, including a complete list of the Food Desert census tracts identified by the USDA-ERS at:
<http://www.usda.gov/fooddeserts>
- Applicants may also wish to use the Food Desert Locator tool to help determine whether their project is located in a Food Desert. This tool is available at:
<http://www.ers.usda.gov/Data/FoodDesert/>



Management Capacity

To score highly in this section, an Applicant must:

- Articulate its management team's past experiences, as well as its anticipated duties and responsibilities, in the following areas:
 - Deploying capital in LICs
 - Asset management & NMTC compliance
 - Managing the addition of NMTC activities
 - Obtaining meaningful feedback from community representatives
- Demonstrate sound financial health and ability to operate *successfully* as a going concern



Management Capacity: Tips

- Demonstrate that the Applicant has highly-qualified personnel and systems in place to undertake core NMTC-related functions – capital raising and deployment, asset and risk management, and program compliance
- Show that Low-income Community Representatives are empowered to provide a meaningful role in the Applicant's investment policies and decisions
- Applicant must be in excellent financial health and establish that the Applicant will be able sustain a NMTC line of business going forward.



Management Capacity: 2012 Notable Changes

- Question 34(e) and Table D2 were added Applicants must now:
(1) project income and expenses associated with administering an NMTC program; (2) describe the circumstances surrounding the use of existing resources and provide details on committed resources; and (3) explain how an operating deficit would be addressed.
- Applicants are encouraged to list no more than 10 individuals in Table C1 and to limit the description of an individuals qualifications to years of relevant experience and how the experience is similar to the individuals role in managing the Applicant's NMTC program.



Capitalization Strategy

To score highly in this section, an Applicant must demonstrate:

- ✓ a track record of raising capital, including management experience raising capital, similar to the requested allocation amount – particularly at market or near-market terms
- ✓ it has secured QEI commitments from equity and non-equity investors, or has a strong strategy for doing so
- ✓ to the greatest extent possible, the economic benefits of NMTC will be passed through to borrowers and investees
- ✓ it intends to deploy greater than 85% of its QEI proceeds into QLICs



Capitalization Strategy: Tips

- Demonstrate the Applicant can raise capital through commitment letters from potential investors and has a track record of raising capital at market rates at least close to the amount of allocation authority requested
 - If using the leveraged model, be sure to include both equity and debt
- Show that QALICBs and end-users will see a significant economic benefits
- Maximize the percentage of QEIs that will be invested into QLICIs



Capitalization Strategy: 2012 Notable Changes

- Question 39(c) has been added. It asks the Applicant to explain how it would allocate profits generated from NMTC activities (e.g. dollar amount or percentage of profit that will be distributed to investors or shareholders, support additional NMTC or non-NMTC Low-Income Community investments, support other activities of the Applicant or Affiliates, etc.)
- Question 42 and the associated Tables (F1. Fees and Flow of Allocations and F2. Summary of Compensation and Profits) from the 2011 application have been deleted.



Part V: Information on Previous Awards

- Must be completed by all Applicants
 - If you have never received an award from the CDFI Fund, the answer to Questions 42 & 43 will be “No” and Question 44 can be skipped.
- Part V will not be scored as part of Phase 1 of the review process. It will only be considered in Phase 2 of the review process.



Part V: Information Regarding Previous Awards 2012 Notable Changes

- Question 44 was revised to request the sources and amounts of leveraged debt in past investments.
- Question 44(c) asks Applicants who have co-invested in projects with other CDEs to explain what actions were taken to control the expenses paid by the QALICBs and investors.



Selection Process

Phase 1: Peer Review

External reviewers evaluate and score applications.

During Panel the CDFI Fund will review past transactions from Prior Allocatees.

Phase 2: Panel Review

Applications that meet minimum scoring thresholds in each of the four major application sections are sent by ranking score to a CDFI Fund panel for consideration.

Adjustments may be made to the final pool to ensure proportional representation from CDEs serving Non-Metropolitan Counties.

Selection of Applicants

Selecting Official makes final determinations based upon panel recommendations.



Non-Metropolitan Counties

- The CDFI Fund will endeavor to ensure proportional allocation of QLICIs in Non-Metropolitan Counties:
 - The proportion of awardees that are Rural CDEs is equal to the proportion of applicants in the Phase 2 review pool that are Rural CDEs.
 - A goal of 20 percent of QLICIs made using QEI proceeds to be invested in Non-Metropolitan Counties (as identified in the 2006-2010 American Community Survey data).
- Rural CDEs:
 - Historically dedicated at least 50 percent of direct financing activities to Non-Metropolitan Counties; and
 - Commit at least 50 percent of NMTC direct financing activities will be conducted in Non-Metropolitan Counties.



Non-Metropolitan Counties (Cont'd)

- Applicants will establish minimum and maximum percentage of total NMTC activity in Non-Metropolitan Counties.
- There will be no adjustments or alterations made during the Peer Review or Panel Review process.
- Adjustments may be made after the applicants are initially selected for awards. Specifically, the CDFI Fund will review the distribution of awards and awardees to determine whether:
 - (i) Additional “Rural CDEs” need to be added to the awardee pool, to ensure a proportional representation from Rural CDEs; and/or
 - (ii) Awardees will be required to meet an amount higher than their minimum projected level of investments in Non-Metropolitan Counties, to achieve 20 percent of QLICs being invested in such counties.



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Prior NMTC Award Information: Awards to Date

- As of June 1, 2012, over \$26.6 billion in QEIs have been made into CDEs since the NMTC Program's inception.
- Through the fiscal year 2010 reporting period, CDEs have disbursed a total of \$20.9 billion in QEI proceeds to 3,060 Qualified Active Low-Income Businesses (QALICBs).
- These investments have financed:
 - small and large businesses
 - manufacturing
 - housing
 - community facilities
 - retail
 - alternative energy

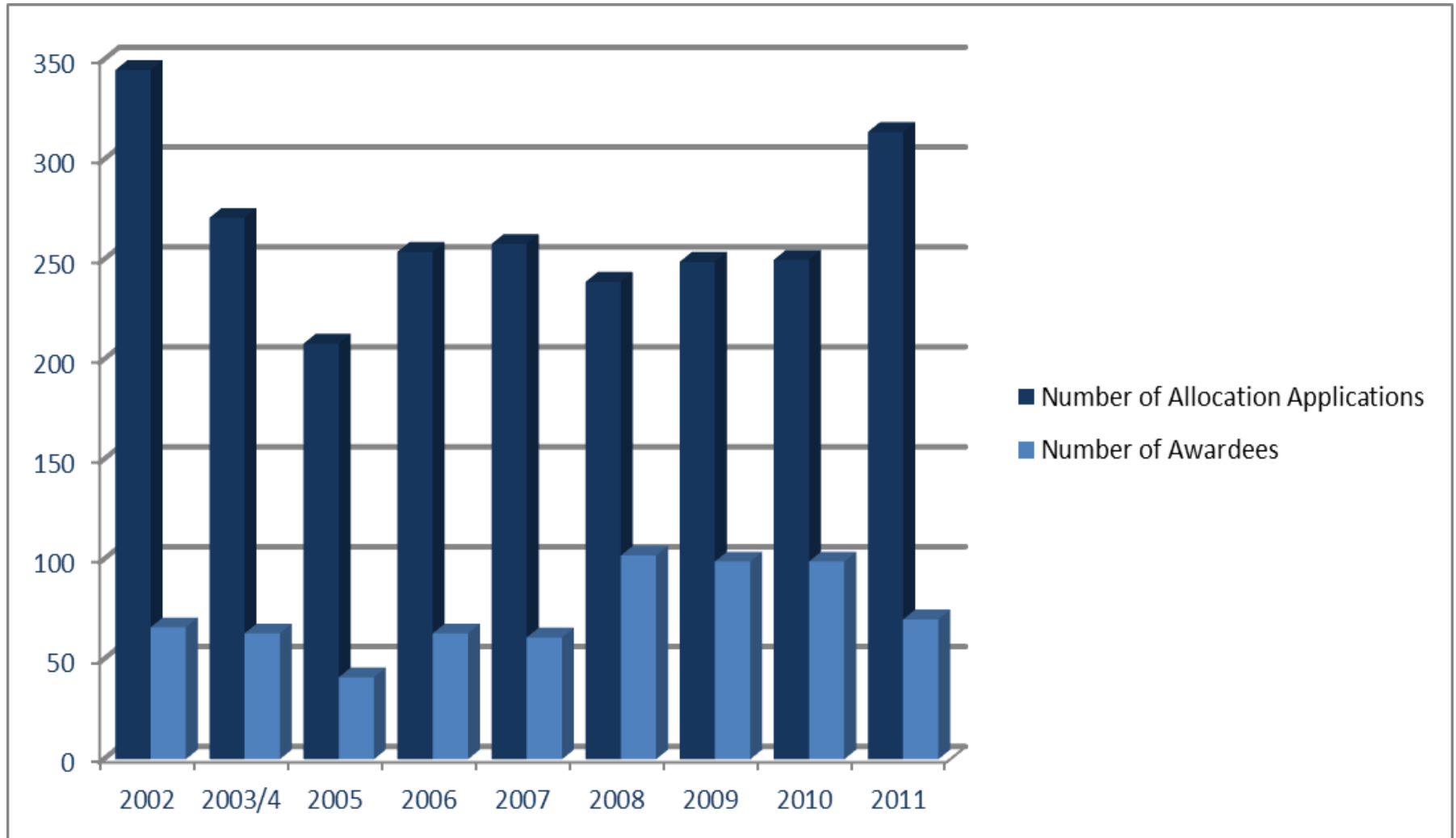


Prior NMTC Award Information: Awards to Date

- As of September 30, 2011, 5,298 CDEs were certified.
- In allocation calendar year rounds 2002-2011, the CDFI Fund received 2,388 NMTC Allocation Applications.
- These entities collectively requested nearly \$229.3 billion in Allocation Authority.
- The CDFI Fund has made 664 Allocation Awards totaling \$33.0 billion in Allocation Authority.

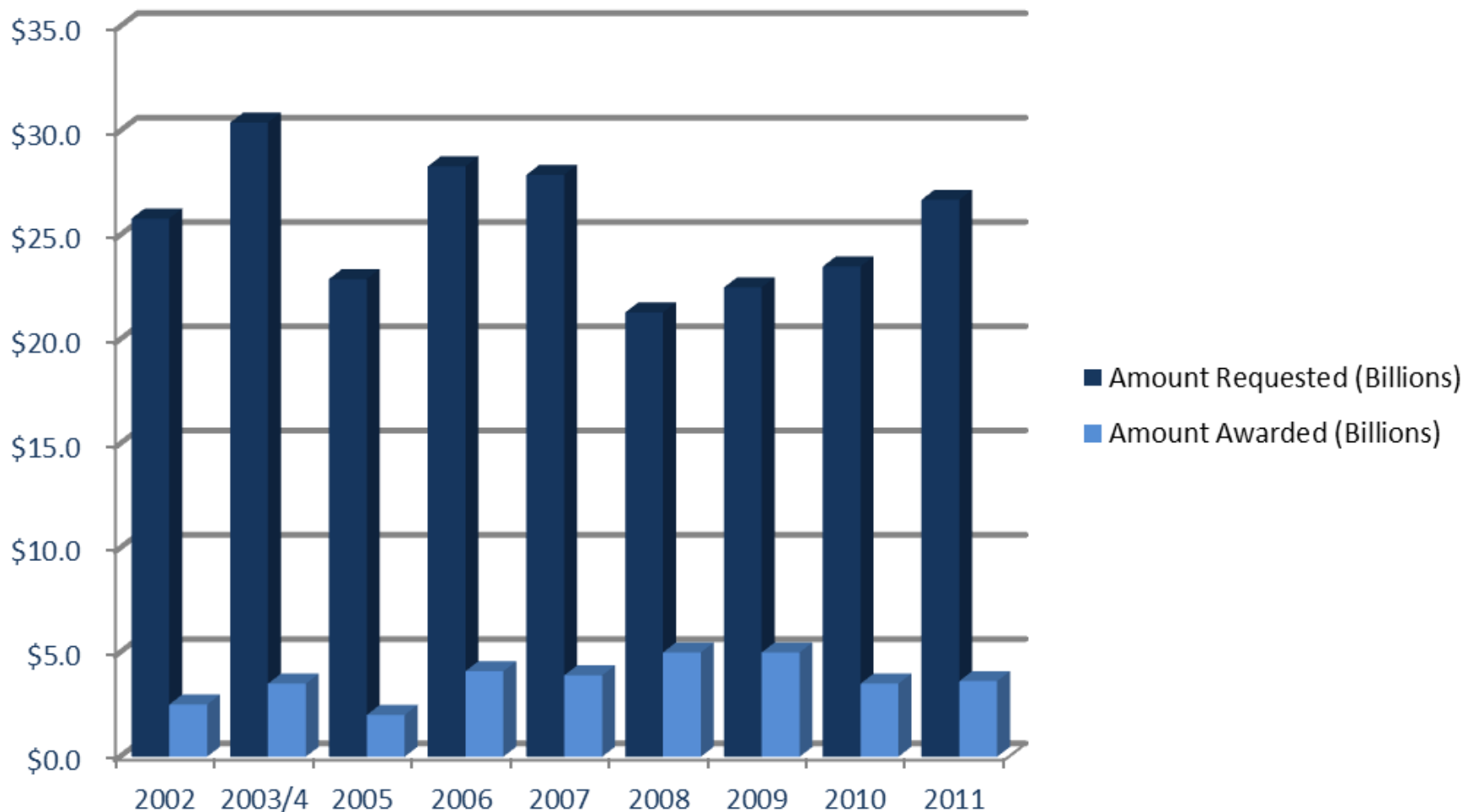


Prior NMTC Award Information: Number of Applicants and Awardees





Prior NMTC Award Information: Amount Requested and Awarded

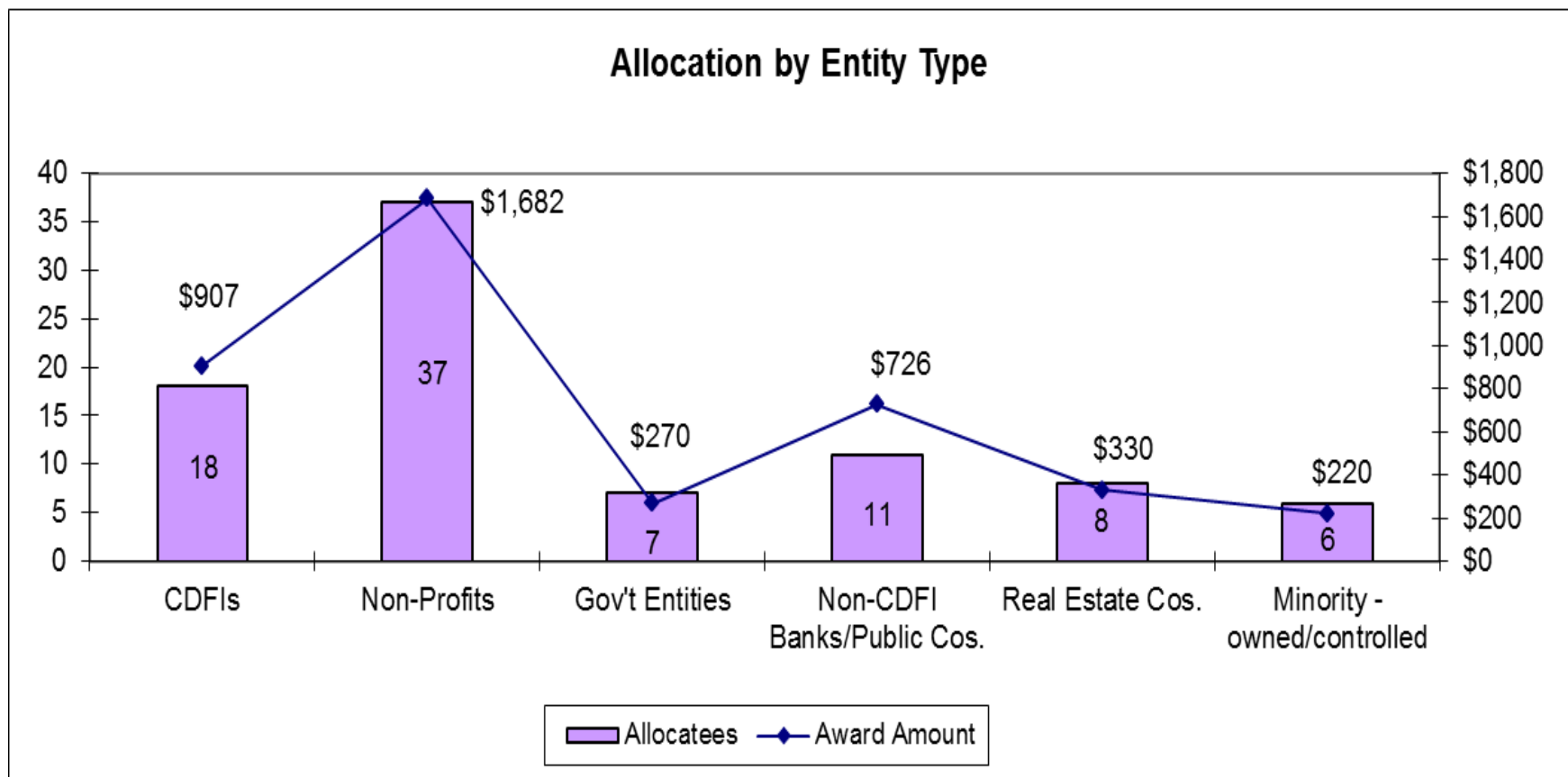




Prior NMTC Award Information: 2011 Allocatees

- All 70 of the Allocatees committed to offering preferential rates and terms.
- All 70 of the Allocatees indicated that 100 percent of their investment dollars would be made either in the form of equity, equity-equivalent or debt financing that is at least 50 percent below market and/or is characterized by at least five concessionary features.
- All 70 of the Allocatees committed to providing at least 75 percent of their investments in areas characterized by: 1) multiple indicia of distress; 2) significantly greater indicia of distress than required by NMTC Program rules; or 3) high unemployment rates.
- All 70 Allocatees indicated that they would invest at least 95 percent of QEI proceeds in Qualified Low-Income Community Investments.
 - In real dollars, this means at least \$466 million above and beyond what is minimally required by the NMTC Program will be invested in Low-Income Communities.

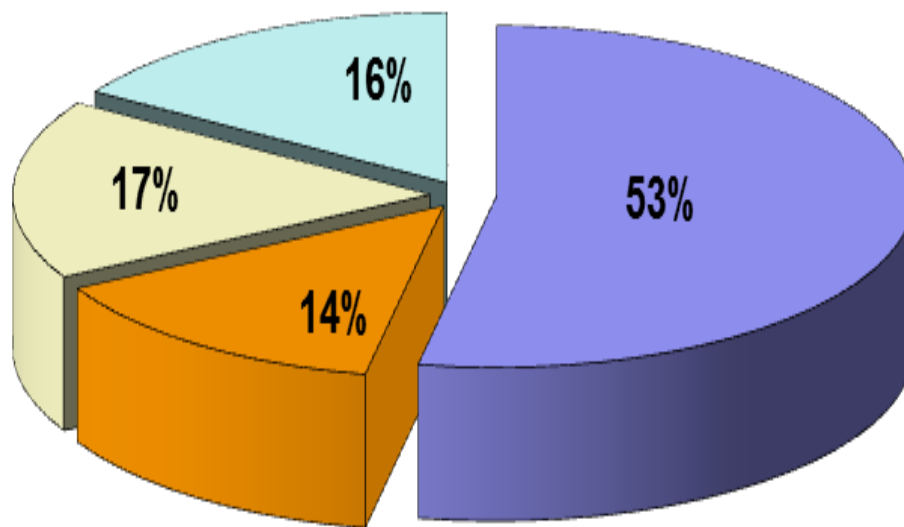
Prior NMTC Award Information: 2011 Allocatees



**Note that the number of Allocatees represented in the chart above does not total 70, since some Allocatees are classified in more than one entity type category (e.g. some CDFIs are also counted as not-for-profits) and some Allocatees do not fall under any of the categories identified.*

Prior NMTC Award Information: 2011 Allocatees

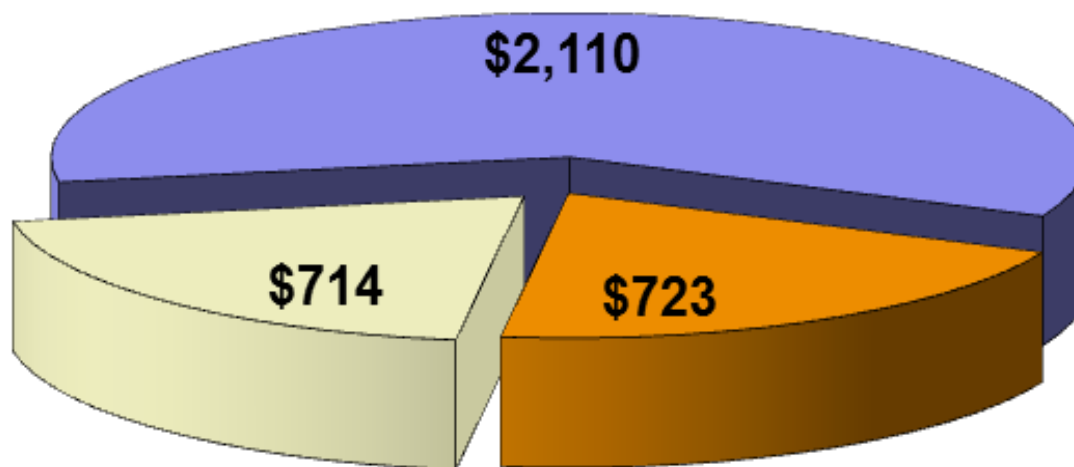
Market Served by Allocatees



■ National ■ Multi-State ■ Statewide ■ Local

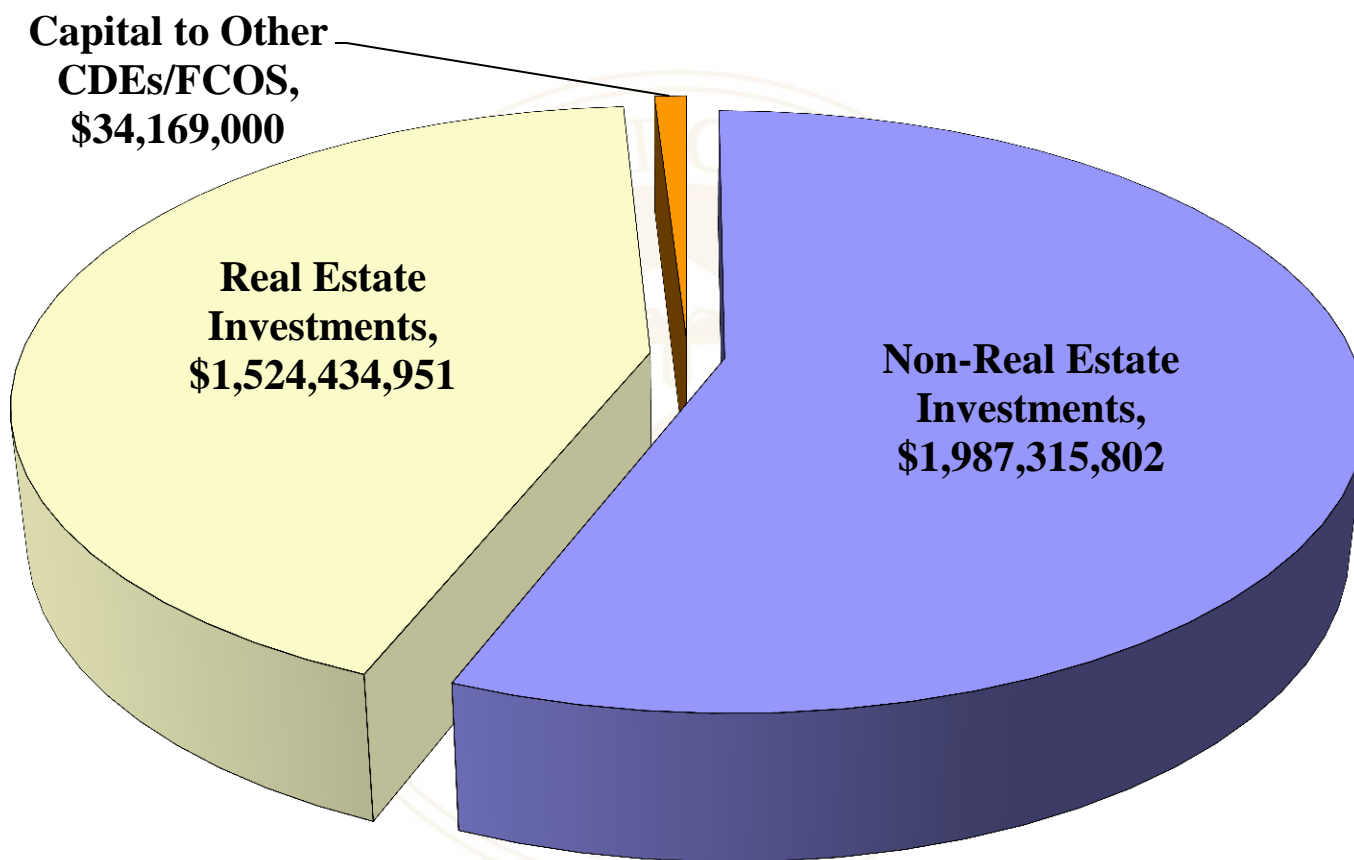
Prior NMTC Award Information: 2011 Allocatees

Investment Target Area (in millions)



■ Major Urban ■ Minor Urban ■ Rural Counties

Projected Investment by Category – 2011 Allocatees





NMTC Presentation Roadmap

- Overview of CDFI Fund Programs & Initiatives
- Overview of NMTC Program
- Applying for CDE Certification
- Applying for NMTC Allocations
- Prior NMTC Award Information
- **Contact Information**



Contact Information

Visit the CDFI Fund's website at www.cdfifund.gov

Contact the CDFI Fund directly:

Program Support

Phone: (202) 622-6355 (option 3)

Fax: (202) 622-2466

Email: cdfihelp@cdfi.treas.gov

IT Support

Phone: (202) 622-2455

Email: ithelpdesk@cdfi.treas.gov

Contact IRS at new.market.tax.credit@irs.gov

For questions about:

IRS Regulations, Eligibility of possible QLICI activities and other tax implications of the program